

2011-2012 PERFORMANCE PLAN – Chief Actuary (A. Milligan)

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All of the terms and provisions of the "CalPERS Compensation Policies and Procedures for Chief Executive Officer, Chief Actuary, General Counsel and Investment Management Positions" are incorporated in this Performance Plan by this reference as if set forth in full.

Qualitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule
50%	Business Plan / Enterprise Objectives	<p>Contribute towards the accomplishment of the three enterprise priorities as embodied in the CalPERS 2011/2012 Business Plan (the Business Plan) as follows:</p> <ul style="list-style-type: none"> Oversee, and ensure accomplishment of all initiatives under objective #4 of enterprise priority #2. including <ul style="list-style-type: none"> Adding more information on funding status and contribution levels in pension plan actuarial valuation reports Conducting a review of economic assumptions used in actuarial valuation reports and implement needed changes Improving transparency and accessibility of financial information by completing two Web site enhancements implementing a public agency health care cost trend report Develop recommendations for improvements to risk pooling, including allocation of salary experience (EP 2; Obj 1) Support the implementation of the myCalPERS system (EP 1; Obj 1) Support the development and publication of two retirement security issue papers (EP 2; Obj 1) Support the establishment of an enterprise repository of policies, identified risk tolerances, and risk measurement systems (EP 3; Obj 3) 	From Schedule
25%	Special Initiatives	<p>Present workshops on basic actuarial funding and the risks inherent in the current funding methods at the July 2011 Board Offsite and achieve a good or better rating from 80% of the Board members who submit their assessments.</p> <p>Conduct a review of all actuarial policies and present the findings and recommended appropriate changes to the Board by June 30, 2012.</p> <p>By June 30, 2012, present to the Board an enhanced risk aware framework to be used in future workshops on Asset/Liability management.</p>	From Schedule
15%	Executive Leadership	<p>Leadership: Acts in an ethical, honest and professional manner. Communicates a clear vision of CalPERS' mission and goals. Gains the confidence and commitment of others through enthusiastic expressions of support of the vision and values of the organization. Gains support for courses of action by sharing information, encouraging feedback, listening respectfully, and acknowledging individual concerns.</p>	From Schedule

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Qualitative Performance Measures (cont.)

Weight	Factor	Performance Measure	Incentive Schedule
	Executive Leadership (cont.)	<p>Teamwork: Promotes teamwork and cross-functional collaboration and communication in support of CalPERS' strategic goals. Presents well-organized arguments that are issue-oriented, not personal. Resolves disagreements by first identifying common ground and then exploring differences. Shares credit for good ideas and acknowledges the contributions, creativity and abilities of others.</p> <p>Succession Planning: Participates in an ongoing succession planning program to assess the workforce and create strategies to retain and develop the skills of employees. Identifies training, development and knowledge transfer strategies to meet future workforce needs. Contributes to the enhancement of organizational competencies and skills by providing opportunities for individual staff development and improvement.</p> <p>Diversity and Inclusion: Demonstrates diversity and inclusion awareness and personally cultivates a positive work environment where the differences of all staff are recognized and valued. Leads strategies and approaches to increase the level of diversity within the CalPERS' workforce. Through personal example and leadership, fosters a climate where all are treated with dignity and respect.</p> <p>Executive / Board Relations: Effectively represents the enterprise at executive management meetings, stakeholder group meetings, and at CalPERS Board of Administration meetings. Prepares and/or directs the preparation of thorough and accurate Board agenda materials and provides sound technical consultation and appropriate recommendations. Makes clear and concise presentations to the Board of Administration and Board Committees on relevant issues.</p> <p>Business Planning and Fiscal Management: Leads the business planning process by establishing clear, measurable operational objectives which align with CalPERS' strategic Goals. Identifies resource requirements to support organizational priorities. Ensures cost-effective use of resources (i.e., operational expenses, equipment and staff resources) and contributes to the overall prudent management of CalPERS trust funds.</p> <p>Management of Risk: Ensures that policy and program decisions are made with consideration for potential financial, compliance, legal, security, operational, reputational, political, strategic, and other risks. Implements risk mitigation strategies. Gathers risk intelligence to support executive and Board decision-making.</p>	
10%	Management Drivers	Achieve improvements in enterprise management during fiscal year 2011/2012 through fulfillment of the eight initiatives listed on Attachment 2.	From Schedule
100%	Total	Qualitative Measures	